

Statement of Objectives

DOS Fuel Supply Iraq

1. **Scope:** The U.S. Mission in Iraq has a requirement for DF2 Diesel and 85 Octane Unleaded Gasoline (MOGAS) fuel supply delivery services to be provided to the DOS Facilities, Embassy and Consulates throughout Iraq, including International Zone, Baghdad Diplomatic Support Centre (BDSC), and Consulate General Basra (CG). In FY 2012, the DOS purchased approximately 535,000 gallons of MOGAS and approximately 13.0M gallons of DF2 for the sites listed above. The current fuel systems at these sites are managed primarily by the LOGCAP IV incumbent and the fuel supply chain is through DLA with companies in Turkey. Fuel on the compounds is managed by the O&M contractor and may be referred to as “retail fuel ops.” In some instances, local Basic Ordering Agreements and other contracts are in place, purchasing fuel from local distributors.

1.1. **Supply Chain.** Fuel is a mission critical item, and is considered high risk. As each DOS site operates and maintains its own power sources independent of the local power grid, fuel is important for day-to-day operations, and personnel health and safety. Iraq is an oil-rich nation, but the ability to turn natural resources into usable commodities is still limited (although this capability is rapidly evolving.) Unleaded MOGAS is apparently not currently produced in-country. Establishing a multi-tiered supply chain that takes advantage of the availability and reliability of regional international sources, while maximizing the potential cost savings of Iraq sources, should be a part of any proposed strategy.

1.2. **Importing of fuel:** Fuel imported on behalf of the DOS into Iraq is a complex and time-consuming process. The ports of entry are currently the seaport at Umm Qasr, and the landport in the Kurdistan Regional Government (KRG) between Iraq and Turkey.

Material imports into Iraq currently require a Diplomatic Note, and:

- a. approval from the Prime Minister’s National Operations Center (PMNOC) for Baghdad deliveries,
- b. approval from the Basra Operations Center (BOC) for Basra deliveries,
- c. clearance from the Iraqi Army for the IZ and BDSC entry checkpoints/control points (ECPs) and,
- d. approval from the KRG and associated ministries (via Diplomatic Note from CG Erbil) for deliveries across the Turkish border.

This is a long process, and the approvals may not be transferrable between companies.

To import from Turkey currently requires approval from the Government of Turkey (via a Diplomatic Note from the U.S. Embassy in Ankara), and approval from the KRG and associated ministries (via Diplomatic Note from CG Erbil). This is a long process, and the approvals may not be transferrable between companies. It also requires a customs clearance letter from the Embassy to Al Khalil Complex for every shipment including the following information:

- 1) Truck type, model, year, color, VIN, and plate number.
- 2) Drivers name and passport number
- 3) Amount of fuel per tanker and destination

To import at Umm Qasr requires, at a minimum, approvals from the Ministry of Foreign Affairs, Ministry of Finance (for tax-free status), approval from the Ministry of Oil, and the cooperation of the General Commissioner for Customs and the Customs Officer and Port Authority in Umm Qasr. While the above is achieved by Diplomatic Note, additional DOS support may be needed, as well as the assistance of a freight forwarder and expeditor.

As in other areas, it is the intent of DOS to “normalize” operations in all sectors, to include fuel procurement. The issuance and management of Diplomatic Notes can only be a temporary solution. If the import of fuel using Diplomatic Notes is a part of an approach to providing fuel to the DOS in Iraq, Offerors should propose a realistic timeline for evolving to a model which no longer requires direct Embassy support in the process.

There are plans by two known companies to establish a fuel terminal in Umm Qasr and bring in refined petroleum products as a regular service. Offerors should be acquainted with these efforts and the potential benefits to the DOS.

1.3. In-country purchase of fuel: Petroleum products refined in Iraq are limited. The capability is expanding, but will take time. DOS currently has an arrangement with the southern refinery to provide 800K liters per month. This quantity is for use at CG Basra and is limited to DF2. Similar arrangements at other refineries are not in place at this time. In order to draw from the refinery requires a Diplomatic Note to the Ministry of Foreign Affairs and agreement with the Ministry of Oil and OPCD. Any company who may use this as a source, must be approved, i.e. the vendor who is actually pulling the fuel, not necessarily the Prime Contractor. Each vendor, after approval, needs to post a performance bond, and then pay in advance for each order on a check from an Iraq bank. Unleaded MOGAS is not available in sufficient quantities and requires importation.

1.4. Fraud, Waste and Abuse. Fuel is also a critical area when mitigating risk of fraud, waste and abuse. Fuel is a target for the black market. All proposals should address internal controls, quality checks, training and inspection along with associated metrics to ensure that the fuel and the companies and individuals an offeror is doing business with are fully licensed,

appropriately taxed, and meet all requirements for crossing borders and transiting on public highways.

- 1.5. **Safety.** Safety with fuel is also an issue. Having plans to handle spillage properly in accordance with GOI laws and DOS regulations will be a required part of the program. Appropriate training, ensuring people have the right equipment and personal safety gear, and prompt and adequate responses to spills, accidents and contamination are required elements.
- 1.6. **Cost Controls and Flexibility.** This is a market that is vulnerable to politics, economics, and regional and distant conflicts. The ability to be flexible while obtaining competitive prices should be addressed.
- 1.7. **Reporting and Accountability.** Ideally, any program should have a way of providing daily reporting of fuel order status. An online dashboard (possibly in concert with other BLISS service areas), updated in near real-time should be considered as part of an offer. Additionally, estimating days of supply and usage by site for planning purposes on a daily basis should also be provided. Daily comprehensive communications with the DOS Embassy and associated CORs will assist in mitigating risks.
- 1.8. **Compliance with GOI Requirements.** The ability to import and buy fuel locally is dependent on compliance with Government of Iraq oil product distribution requirements. Offerors shall demonstrate knowledge of those requirements, including a plan for timely compliance with same.

2. **General Standards – COTS Real Time Freight Tracking Software Program:** The Contractor shall provide all software and IT systems required to implement and manage the fuel logistics supply chain. Customers and program management shall have access to, at a minimum, the following data:

- a. All approved, outstanding fuel orders by site, customer and original delivery date;
- b. Status of where each order is physically located in the supply chain pipeline;
- c. Any disruption or potential disruption and the mitigation plan being implemented to resolve the disruption or potential disruption;
- d. Revised delivery dates;
- e. Days of Supply by site;
- f. Estimated usage by site; and,
- g. Reported usage by site.

The software shall enable the Contractor to:

- a. Place orders for fuel based on requirements provided by the sites;

- b. Manage the transportation of fuel orders and coordinate delivery schedules with the site personnel responsible for inspection and acceptance of the fuel;
- c. Establish fuel price for each delivery;
- d. Ensure each individual truck and driver delivering fuel to a DOS site is licensed and abides by all GOI and DOS regulations;
- e. Ensure the delivered fuel meets the technical quality standards for inspection and acceptance;
- f. Ensure that each driver obtains a manifest sheet from the refinery stating fuel quantity received and a receipt from the DOS site stating fuel quantity delivered; and,
- g. Coordinate operations as required with designated USG personnel in order to comply with all border and customs requirements, and mitigate checkpoint bottlenecks.

Offerors should identify the proposed system, indicate which of the above functionalities are available, and specify those that may need modification or development.

3. General Standards – Fuel and Transportation License(s), Permit(s) and Vendor Agreements:

The Contractor shall:

- a. Obtain all official approval(s), contract(s), license(s) and permit(s) from the Iraq Ministries of Oil, Interior, Trade, and Transportation; the Governor of each government district or state; and the Iraq Oil Products Distribution Company (OPDC); to legally conduct business in Iraq and to procure gasoline (MOGAS), diesel fuel (DF2) and/or import such fuel and transport fuel into and throughout the country;
- b. Establish agreements with Iraq vendors located in different regions of the country and external sources or distributors as needed to ensure a multi-tiered, steady supply chain;
- c. Perform pre-award surveys on each potential vendor;
- d. Technically qualify vendors;
- e. Coordinate with DOS to perform security reviews of each vendor; and,
- f. Ensure each vendor has proof of a line of credit with a financial institution to pay for fuel in advance when purchasing from the Iraq Oil Products Distribution Company (OPDC).

Offerors shall provide a list of vendor agreements (if any), and copies of any of the above documentation as available at the time of proposal submission. These attachments will not be part of the page count for this section. If not currently available, the Offeror may discuss the necessary steps or approach to obtaining the above, and commit to a timeline for being able to successfully provide fuel to the DOS in Iraq at quantities required at the quality levels required.

4. General Standards – Fuel Standards: The Contractor shall ensure the fuels conform with:

- a. EN 228 Automotive fuels – Unleaded petrol– Requirements and test methods; (must be at least 85 octane) and,
- b. EN 590 Automotive fuels – Diesel – Requirements and test methods. Diesel may be at 2500-5000 ppm sulphur.

With the permission of the COR, locally produced product of equivalent utility may be purchased. Such exemptions will be given only when products that meet EN specification are unavailable.

5. **General Standards – Lawful Operations, Permits, Insurance and Indemnification:** The Contractor shall provide insurance required by local law or customarily obtained as good business practice.

The Contractor agrees that the Government shall not be responsible for personal injuries or for damages to:

- a. Any property of the Contractor;
- b. Its officers;
- c. Agents;
- d. Servants;
- e. Employees;
- f. Any other person, arising from an incident related to the Contractor's performance under this contract.

The Contractor shall ensure that the proper Government of Iraq (GOI) licensing and approvals are in place for vendors, suppliers, trucking companies, distributors, and manufacturers; in other words, to be in full compliance with the laws and regulations of GOI. The Contractor must ensure all licenses and approvals are in place for both personnel and tanker trucks.

Further, the Contractor shall take steps to prevent the introduction and use of black-market items, and take aggressive action if a subcontractor or vendor is found to be trafficking in goods that are illegal, banned, stolen or not properly inspected or taxed.

The Contractor will have an oversight program in place to prevent and discover possible instances of fraud, waste and abuse. The Contractor is responsible to "self-inspect" and make known any instances of such behavior.

The Sample Fuel Operations Plan will address coordination with DOS in fulfillment of GOI requirements. The Offeror shall address each of the above items and agree to the conditions in the proposal. The Offeror shall also address the anticipated time to replace the existing Supply Chain and describe an approach to "normalize" future operations. Exceptions will be noted as prescribed in the RFP.

6. **General Standards – Safety and Controls:** The Contractor shall perform deliveries in a manner which ensures the safety of residents, employees and visitors to the Embassy and Consulates, and the Contractor's employees. The Contractor shall ensure employees have safety education

when engaged in activities involving Government facilities, personnel, or equipment. The Contractor shall comply with all local environmental laws, handling, storage, and disposal of all toxic materials. Contractor shall be responsible for the conduct of subcontractors engaged in deliveries, and for subcontractors compliance with the terms of this Statement of Objectives. The Contractor is responsible for the behavior of subcontractors while on Government property.

Personnel shall be trained on proper procedures to include spill response and clean up.

Accidents involving personnel injury or significant damage to equipment and facilities should be investigated, recorded and reported. A Safety Report will be part of program and quality assurance reviews, along with actions taken to prevent future similar incidents.

Offerors shall address the above topics in the proposal.

7. **General Standards – Packing Lists:** A manifest or other suitable shipping document shall accompany each shipment and shall include the following information:
 - a. Name and address of consignor;
 - b. Name and address of consignee;
 - c. Government contract number (and delivery order number, if used);
 - d. Government bill of lading number covering the shipment, if any;
 - e. Certification of quality as issued from the refinery;
 - f. Refinery issued receipt reflecting quantity, fuel type/specifications, refinery test results, trucking company information, and delivery seals by unique identifying number; and,
 - g. Delivery receipt reflecting metered gallons received and field test results (API gravity, water, and visual clarity).
8. **General Standards – Measuring Costs:** All orders shall be priced on the Contractor's unit prices set forth in the contract schedule and invoiced in accordance with the contract's economic adjustment provision. Payment will be made for actual fuel delivered and not vehicle load quantity.

Note that the Oil Products Distribution Company (OPDC) sets costs for products refined in Iraq.

Offerors will provide pricing as addressed in other parts of the RFP.

9. **General Standards – Delivery Service Interruption:** At any time during the service performance, the Contracting Officer, Contracting Officer's Representative (COR), or local U. S. Government receiving official at the delivery location, have the right to instruct the Contractor to cease whatever function they are performing for the protection of personnel or property, security, or any other reason at his/her discretion. The Contractor shall abide by these instructions.

10. **General Standards – U. S. Missions Site Locations:** The Contractor shall furnish fuel deliveries to the access-restricted International Zone (IZ). The Contractor shall ensure the fuel subcontractor's drivers possess the required personnel badges and documentation for access to the IZ and presentation to the security guards at Government entrance gates. Deliveries must be coordinated with the cognizant COR prior to the scheduled delivery so that the Government may conduct security checks and grant approval for access to Government facilities.

The Logistics Management Center (LMC) currently establishes movement control procedures and responsibilities for all fuel shipments to the IZ and United States Embassy, Iraq. The LMC will be disbanded once the BLISS Contractor is in place. It is envisioned that the Contractor, working with GSO in Baghdad, will provide PMO services similar to LMC's support as part of its PMO Logistics Management (see L.16.1.5).

The current "Standard Operating Procedure – Logistics Management Center (LMC)" includes the following document requirements:

- a. Load list. The load list information identifies:
 - 1) the delivery date, truck load, destination;
 - 2) Truck type, model, year, color, VIN, and plate number; and,
 - 3) Number of driver's Iraqi ID (Jinsyah), or passport if driver is of foreign nationality.
- b. IZ access. All vehicles/trucks entering the International Zone (IZ) are required to obtain access approval from the Iraqi Army Brigade (56th Brigade) controlling the International Zone. A letter is produced on U.S. Embassy letterhead requesting access approval for the vehicle requiring entry into the IZ. The letter must be submitted to through the expeditor to the 56th IA BDE HQ containing the following information (provided by the food/fuel vendor to BaghdadLMC@state.gov). This information must be provided to the LMC at least 4 days before estimated arrival. IZ access request has to be approved 3 days prior to arrival at Entry Checkpoint (ECP) 6.
 - 1) Truck type, model, year, color, VIN, and plate number;
 - 2) A copy of the vehicle's registration;
 - 3) If the truck has Iraqi plates, a copy of the power of attorney (a paper where the vehicle's owner authorizes the driver to drive the vehicle); and,
 - 4) A copy of the driver's Iraqi ID (Jensya), or passport if driver is of foreign nationality.

Note: The IZ access approval office is closed on Friday and Saturday.
- c. PMNOC Movement Authorizations. All fuel deliveries require a movement authorization from the Prime Minister's National Operation Center (PMNOC). The LMC will prepare the Arabic letter requesting approval for movement. The vendor has to provide the following information/documentation to the LMC at least 48 hours in advance of movement:

- 1) The load list information identifies:
 - i. The delivery date, truck load, destination;
 - ii. Truck type, model, year, color, VIN, and plate number; and,
 - iii. Number of driver's Iraqi ID (Jinsyah), or passport if driver is of foreign nationality
- 2) If the shipment is escorted, Security Escort Teams (SETs) must be listed as well and must also include a copy the PSD Movement Authorization and Company License.
- 3) Paperwork is delivered to PMNOC by an RSO. This practice will continue for at least the start of the contract.

Note: The PMNOC does not accept requests on Friday and Saturday, therefore movements requests for Saturday and Sunday have to be submitted on Thursday.

The LMC informs site points of contact (POCs) of en route deliveries so truck and driver information can be added to the site access roster the day prior to arrival.

Required information includes:

- 1) Truck type, model, year, color, VIN, and plate number.
- 2) Number of driver's Iraqi ID (Jinsyah), or passport if of foreign nationality

The above required documents may be added to or deleted at any time. The list is neither exclusive nor prescriptive. The Contractor is responsible for all documentation and ensuring compliance with Government of Iraq requirements and policies and procedures for delivery to U.S. Mission sites.

Offerors should ensure that the above tasks are accomplished by the Program Management Office and address the requirements in the Sample PMO plan (L.16.1.8) and/or sample Fuel Operations Plan (L.16.1.3.3). Additionally, staffing should be addressed in the Staffing Plan, and subcontract arrangements should tie into the Sample Cost Control Plan and Small Business Subcontracting Plan Proposal (Volume 4) as appropriate.

11. **General Standards – Marking of Reports:** All reports delivered by the Contractor to the Government under this contract shall prominently show on the cover of the report:
 - a. Name and business address of the Contractor;
 - b. Contract number and delivery order number, if applicable;
 - c. Date of report; and
 - d. Program office(s).